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Montana's economy will grow about 1.7 percent in 1989, bringing some good news to the state after nearly a decade of economic decline, according to a University of Montana researcher. Paul Polzin, director of the UM Bureau of Business and Economic Research, made that projection as part of the Economics Montana forecasting program, cosponsored by the bureau and U S WEST. To make its economic forecasts for Montana, the bureau uses national and state information from various sources.

"This is only a modest increase by U.S. standards, but it certainly looks good compared to the declines we've experienced in six of the last nine years," Polzin says.

Polzin attributes the projected growth to continued expansion in Montana's mining industries and modest increases in other sectors of the economy, combined with an ending of employment declines in oil and gas exploration and railroads.

"But all bets are off if the long-expected national recession occurs or if there are further plant closures," Polzin says. The longer term forecasts show continued growth for Montana, but at rates slower than the national average, Polzin says.

Montana's overall economic activity, as measured by non-farm labor income, will increase an average of about 1.5 percent per year during 1990 and 1991, Polzin projects. Comparable figures for the United States are about 2.3 percent per year, he says.

Personal income, one of the major determinants of consumer spending, will increase about 4.9 percent during 1989, Polzin says. This rise may be deceptively rosy, he says, because it will be partially due to the recovery of agriculture from the drought of 1988.

PLEASE RETURN

Table 3
Personal Income by Major Component, Montana 1985-1991
Actual and Projected as of May 1989

| | Millions of Dollars | | | | | | Millions of 1987 Dollars | | | | | | | |
|-------------------------------|---------------------|-------|-------|-----------|--------|--------|--------------------------|-------|-------|-----------|-------|--------|--------|--------|
| | Actual | | | Projected | | | Actual | | | Projected | | | | |
| | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 |
| Total personal income | 9,095 | 9,569 | 9,948 | 10,185 | 11,224 | 11,885 | 12,663 | 9,733 | 9,999 | 9,948 | 9,775 | 10,253 | 10,351 | 10,529 |
| Farm labor income | 7 | 359 | 453 | 178 | 470 | 450 | 445 | 7 | 375 | 453 | 171 | 429 | 392 | 370 |
| Nonfarm labor income | 5,945 | 5,950 | 6,095 | 6,419 | 6,860 | 7,253 | 7,763 | 6,362 | 6,217 | 6,095 | 6,160 | 6,267 | 6,317 | 6,454 |
| Agr. & forestry services | 42 | 37 | 41 | 44 | 50 | 48 | 53 | 45 | 39 | 41 | 42 | 45 | 42 | 44 |
| Mining | 234 | 199 | 202 | 229 | 268 | 299 | 341 | 251 | 208 | 202 | 220 | 245 | 260 | 283 |
| Metal mining | 31 | 38 | 57 | 78 | 99 | 114 | 139 | 33 | 40 | 57 | 75 | 91 | 99 | 116 |
| Coal mining | 64 | 58 | 55 | 51 | 54 | 58 | 60 | 68 | 61 | 55 | 49 | 49 | 50 | 50 |
| Oil & gas extraction | 109 | 78 | 59 | 61 | 71 | 81 | 91 | 117 | 81 | 59 | 59 | 65 | 70 | 75 |
| Nonmetal mining | 30 | 25 | 31 | 39 | 44 | 47 | 50 | 32 | 26 | 31 | 37 | 41 | 41 | 42 |
| Construction | 424 | 420 | 395 | 416 | 442 | 461 | 491 | 454 | 439 | 395 | 399 | 404 | 401 | 409 |
| Manufacturing | 552 | 547 | 548 | 558 | 598 | 627 | 660 | 591 | 571 | 548 | 535 | 546 | 546 | 548 |
| Wood & paper products | 252 | 254 | 256 | 259 | 276 | 288 | 302 | 270 | 265 | 256 | 249 | 252 | 251 | 249 |
| Other manufacturing | 300 | 293 | 293 | 299 | 322 | 339 | 358 | 321 | 306 | 293 | 287 | 294 | 295 | 298 |
| Transportation & utilities | 695 | 678 | 656 | 680 | 722 | 749 | 803 | 744 | 708 | 656 | 652 | 660 | 652 | 668 |
| Railroads | 163 | 149 | 148 | 149 | 153 | 143 | 151 | 174 | 156 | 148 | 143 | 140 | 124 | 125 |
| Nonrailroads | 532 | 529 | 508 | 530 | 569 | 606 | 652 | 569 | 553 | 508 | 509 | 520 | 528 | 542 |
| Trade | 1,105 | 1,062 | 1,079 | 1,152 | 1,237 | 1,310 | 1,400 | 1,183 | 1,110 | 1,079 | 1,105 | 1,130 | 1,141 | 1,164 |
| Wholesale trade | 366 | 344 | 345 | 352 | 385 | 407 | 448 | 392 | 359 | 345 | 338 | 351 | 355 | 373 |
| Retail trade | 739 | 718 | 734 | 799 | 853 | 903 | 951 | 791 | 750 | 734 | 767 | 779 | 786 | 791 |
| Finance, ins. & real estate | 271 | 278 | 287 | 312 | 341 | 364 | 391 | 290 | 290 | 287 | 300 | 312 | 317 | 325 |
| Services | 1,295 | 1,386 | 1,492 | 1,591 | 1,694 | 1,804 | 1,937 | 1,386 | 1,448 | 1,492 | 1,527 | 1,547 | 1,571 | 1,611 |
| Health | 492 | 529 | 576 | 609 | 650 | 694 | 739 | 527 | 553 | 576 | 584 | 594 | 605 | 614 |
| Nonhealth | 803 | 857 | 916 | 982 | 1,044 | 1,110 | 1,198 | 859 | 895 | 916 | 943 | 953 | 967 | 996 |
| Government | 1,326 | 1,343 | 1,394 | 1,438 | 1,508 | 1,591 | 1,687 | 1,419 | 1,404 | 1,394 | 1,380 | 1,378 | 1,386 | 1,403 |
| Federal | 425 | 425 | 456 | 505 | 532 | 564 | 598 | 455 | 444 | 456 | 485 | 486 | 491 | 497 |
| State & local | 901 | 918 | 938 | 932 | 976 | 1,028 | 1,089 | 964 | 959 | 938 | 895 | 891 | 895 | 906 |
| Adjustments to labor income | -407 | -415 | -431 | -482 | -515 | -556 | -595 | -436 | -433 | -431 | -462 | -471 | -484 | -495 |
| Social security contributions | -421 | -427 | -443 | -494 | -528 | -568 | -608 | -451 | -446 | -443 | -474 | -483 | -495 | -505 |
| Residence adjustment | 14 | 12 | 12 | 12 | 13 | 12 | 13 | 15 | 13 | 12 | 12 | 12 | 11 | 11 |
| Nonlabor income | 3,550 | 3,675 | 3,832 | 4,070 | 4,409 | 4,737 | 5,050 | 3,799 | 3,840 | 3,832 | 3,906 | 4,028 | 4,126 | 4,199 |
| Dividends, interest & rent | 1,908 | 1,915 | 1,979 | 2,095 | 2,307 | 2,486 | 2,653 | 2,042 | 2,001 | 1,979 | 2,011 | 2,108 | 2,165 | 2,206 |
| Transfer payments | 1,642 | 1,760 | 1,853 | 1,974 | 2,102 | 2,251 | 2,397 | 1,757 | 1,839 | 1,853 | 1,895 | 1,920 | 1,961 | 1,993 |

Sources: U.S. Department of Commerce, Bureau of Economic Analysis; and University of Montana, Bureau of Business and Economic Research, Economics Montana.

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